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DEPARTMENT OF STATE—DIVISION OF COMMUNICATIONS AND RECORDS TELEGRAPH BRANCH

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CORRECTED PAGE 1
10/1/47 3:15 p.m.
CORRECTIONS UNDERSCORED

Control 9638

Rec'd September 30, 1947
5 p.m.

FROM: Rome

TO: Secretary of State

NO: 3003, September 30, 3 p.m.

CHS

Commercial treaty No. 7. Following is summary of discussion of Articles 8 through 18.

Articles VIII, IX, and X acceptable without change.

Article XI. Italians state that Vatican has objected to paragraph 1 as contrary to Lateran Treaty and Concordat of 1929. Point at issue is not clear and Embassy believes that there may be misunderstanding of intent of provision. Subject reserved for later discussion. Paragraph 2 is acceptable provided statement is inserted in protocol that right to freedom of transmission of material does not extend to confidential military information.

Article XII provisions in draft acceptable without change but Italians wish to include commitment to extend coverage to social security benefits by special intergovernmental arrangement for exchange of services and benefits.

Article XIII paragraph 1 is acceptable provided air service is specified along with military and naval service or if some general terminology such as "compulsory training for or service in armed forces" which would cover all arms is substituted for present language. Italians state that phrase "within reasonable time prior to induction" in paragraph 2 would establish an unworkable rule since under Italian practice there is no appreciable time between call for service and enrollment in army. If satisfactory language on this point can

be worked

NOTE: Originally processed as serial 3113.

RXB:RJM

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DEPARTMENT OF STATE—DIVISION OF COMMUNICATIONS AND RECORDS

TELEGRAPH BRANCH

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DEPARTMENT OF STATE
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OCT 6 - 1947
TREATY BRANCH
OFFICE OF THE LEGAL ADVISER

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TO: Secretary of State

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be worked out they will agree to paragraph 2. They object strong to paragraph 3 on ground that it is unfriendly in tone and is superfluous since either party has unquestionable right to deny for any reason citizenship to an alien.

P3 dropped

Article XIV paragraphs 1, 2, and 3 acceptable without change. Italians say however that they do not see how they can possibly comply under present conditions with public notice provision of paragraph 4. Import licenses are issued on basis of exchange available at time of issue. If term "as a general rule" can be construed to authorize waiver of notice under present conditions or if protocol provision can be provided to permit such waiver they are prepared to accept paragraph.

dealt with in protocol

Additional protocol. Italians point out that preambular phrase "Italian declaration of co-belligerency with Allies" should read "Italian declaration of war against Germany". Paragraphs 1 and 2 are acceptable. They state that they cannot agree to specific provision regarding notice in paragraph 3 for reasons indicated in preceding comment on Article XIV but that they are willing to undertake to publish their system of controls and give thirty days notice of changes therein. They propose to add new paragraph 4 to provide for negotiation of bilateral accord to replace fund articles in case that agency should cease to exist or either party should withdraw therefrom.

Ital. view accepted after consultation with SWNCC

accepted

Article XV. Italians wish to qualify reference to "decisions of judicial authorities" in paragraph 1 by addition of phrase "with a general interpretative importance" for reason that judicial decisions in Italy have limited value as precedents and are not published in form for use for reference purposes. With regard to paragraph 2 Italian law does not now provide special treatment for goods en route at time of advance in duties and customs administration opposes acceptance of such provision. Furthermore advances in rates of

dealt with in minutes

duty are

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duty are not made by administrative ruling but by legislative act. Italian delegate thinks some provision on subject can be worked out if Department insists but that draft provision will require modification. Paragraphs 3 and 4 are acceptable.

Article XVI. Italians wish to obtain interpretation as to effect of paragraph 1 in relation to their system of internal distribution controls. Many domestic products are uncontrolled or partially controlled for reason that they are produced by family or other small industrial units and controls are difficult to enforce. Government however controls distribution of imports in interest of reconstruction program. If distribution controls should be considered in contravention of treaty rule regarding sale distribution and use Italians will propose a protocol provision permitting them to maintain controls during reconstruction period. Paragraphs 2 and 3 are acceptable.

Article XVII. This article to be considered further when Italian Treasury experts can attend meeting.

Article XVIII. Considered generally acceptable but paragraph 3 is to receive further attention at later meeting.

More detailed reports on some of above points will follow.

DUNN

(*) Message garbled in transmission; repetition of message has been requested.

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